



Message of the Week

July 10-16, 2002

Presented by Rep. Mike Pence (R-IN)

“Corporate executives who break the law and violate the public trust should be brought to justice.”

- As President Bush has said, we must expose and punish acts of corruption, move corporate accounting out of the shadows, and protect small investors and pension holders.
- Republicans support increasing prison terms for corporate fraud and strengthening the laws regarding obstruction of justice (such as document shredding).
- The Republican House has already passed significant measures this year aimed at improving corporate accountability:
 - H.R. 3763 would create new and strengthen existing laws and regulations for auditing and corporate disclosures made pursuant to securities laws, including:
 - Increased auditor oversight
 - Prohibition on providing auditing **and** consulting services to the same client
 - Provision for Enron and Arthur Andersen fines to be distributed to Enron employees
 - Criminalization of auditor manipulation
 - Real-time financial disclosure
 - Prohibition on insider trades during blackout periods
 - Increased disclosure of insider relationships
 - Increased financial disclosure
 - Requirement for codes of ethics for public companies
 - Increased mandatory retention of accounting records to seven years
 - H.R. 3764 would reauthorize the Securities and Exchange Commission (SEC) for fiscal year 2003 at a level of \$776 million—a **77% increase** over the fiscal year 2002 appropriation of \$437.9 million).
- Corporate executives are not above the law and should be treated like other individuals who violate federal laws.